

## Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 EB-11 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SS-20 USIA-15 EA-11 AF-10 SAJ-01

DOTE-00 FAA-00 /184 R

DRAFTED BY EB/ITP/EWT:RBWRIGHT/EUR/SOV:MKOVNER:JK

APPROVED BY EUR/SOV:JFMATLOCK

TREASURY - MR. BENNETT

EXIMBANK - MR. ALBRIGHT (SUBS)

C:VLEHOVICH

S/S:DWMILLER

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R 240030Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 109172

E.O. 11652: GDS

TAGS: ETRD, US, UR

SUBJECT: US-USSR JOINT COMMERCIAL COMMISSION

REF: STATE 107602, STATE 107743

1. FINAL PLENARY SESSION MAY 22 HEARD REPORTS OF WORKING GROUPS, AND APPROVED JOINT COMMUNIQUE AND MINUTES AS REPORTED REFTELS. MINUTES OF TWO WORKING GROUP MEETINGS WILL BE TRANSMITTED AS SOON AS AVAILABLE.

2. IN COMMENTING ON REPORT OF WORKING GROUP ON MAJOR PROJECTS AND FINANCING, KUZMIN AGAIN PRESSED FOR FINAL EXIMBANK APPROVAL OF OUTSTANDING LOAN APPLICATIONS, PARTICULARLY FOR EQUIPMENT FOR YAKUTSK GAS EXPLORATION PROJECT AND FOR FOUNDRY FOR CHEBOKSARY TRACTOR PLANT.

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WITH REFERENCE TO US INTEREST IN OBTAINING MORE COMPLETE

INFORMATION ON USSR EXTERNAL FINANCIAL POSITION STRESSED BOTH BY TREASURY SECRETARY SIMON AND UNDER SECRETARY BENNETT, KUZMIN MAINTAINED THAT PUBLISHED DATA ALREADY AVAILABLE ON SOVIET ANNUAL AND FIVE YEAR PLANS, FOREIGN TRADE, AND GENERAL ECONOMIC CONDITIONS IN USSR, PROVIDED ADEQUATE BASIS FOR US ANALYSIS OF SOVIET CREDIT-WORTHINESS AND CITED FAVORABLE IMPACT ON SOVIET BOP OF INCREASED PRICES FOR MAJOR SOVIET EXPORTS AND EXCELLENT SOVIET REPAYMENT RECORD. IN CONTRAST, HE NOTED THAT COUNTRIES, SUCH AS INDONESIA AND GHANA, WHICH HAD PROVIDED FULL

ECONOMIC DATA TO WESTERN AND SOVIET CREDITORS, WERE IN FACT UNABLE TO MEET THEIR REPAYMENT COMMITMENTS. HE SAID THE USSR REGARDS CREDITS AS A NORMAL PART OF INTERNATIONAL TRADE. IF THE US IS NOT PREPARED TO EXTEND CREDITS ON THE BASIS OF A FAVORABLE EVALUATION OF THE ECONOMIC INFORMATION AVAILABLE, THE SOVIETS WOULD HAVE NO DIFFICULTY TURNING ELSEWHERE FOR CREDITS, AS THEY IN FACT HAVE BEEN DOING. IN THIS CONNECTION, HE NOTED THAT NONE OF THE OTHER INDUSTRIAL COUNTRIES HAD MADE THE PROVISION OF ADDITIONAL INFORMATION A PRE-CONDITION FOR EXTENDING CREDITS.

3. IN REPLY, SIMON EMPHASIZED THAT US REQUEST NOT A REFLECTION OF LACK OF CONFIDENCE IN SOVIET INTENTIONS AND CAPABILITIES, BUT THAT PROVISION OF DATA IN CREDIT RELATIONS STANDARD INTERNATIONAL PRACTICE AND HE WOULD BE DERELICT IN NOT POINTING OUT THAT ISSUE A MAJOR CONCERN IN CONGRESSIONAL AND PUBLIC MIND. ALKHIMOV DID AGREE, HOWEVER, BOTH IN THE WORKING GROUP DISCUSSIONS AND IN THE PLENARY SESSION, THAT ADDITIONAL FINANCIAL INFORMATION WOULD BE APPROPRIATE AND DESIRABLE ON BOTH SIDES BEFORE ARRANGEMENTS FOR FINANCING MAJOR DEVELOPMENT PROJECTS SUCH AS LNG ARE UNDERTAKEN.

4. KUZMIN ALSO ASKED FOR AN INDICATION OF SPECIFIC AREAS IN WHICH IT MIGHT BE POSSIBLE TO VISUALIZE US-SOVIET COOPERATION IN AVIATION FIELD, A QUESTION GROWING OUT OF REPORT OF THE WORKING GROUP ON MAJOR PROJECTS. BENNETT SAID THAT WE COULD ENVISAGE COOPERATION IN AREAS THAT DID CONFIDENTIAL

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NOT INVOLVE MILITARILY SENSITIVE TECHNOLOGY AND USG GUIDELINES FOR SUCH COOPERATION HAD BEEN SUPPLIED BOTH TO THE SOVIETS AND TO THE US FIRMS INVOLVED, BUT THAT IT WAS DIFFICULT PRECISELY TO DEFINE THESE IN ADVANCE. HE BELIEVED THAT IT COULD BE LEFT TO THE INGENUITY OF AMERICAN FIRMS AND SOVIET ORGANIZATIONS TO DEVELOP PROPOSALS, NOT ONLY FOR THE SALE OF AIRCRAFT BUT ALSO FOR COOPERATION IN THE PRODUCTION OF COMPONENTS, WHICH DID

NOT INVOLVE SENSITIVE MILITARY TECHNOLOGY. KUZMIN SAID HE FELT THAT US-SOVIET RELATIONS HAD REACHED A STAGE WHERE IT SHOULD BE POSSIBLE TO ENTER INTO IMPORTANT COOPERATIVE PROJECTS WITHOUT RESERVATIONS AS TO MILITARY SENSITIVITIES. IF THE US IS NOT READY FOR SUCH COOPERATION IT WAS NOT POSSIBLE, OF COURSE, FOR SOVIETS TO FORCE IT ON THE US.

5. THE PLENARY SESSION ALSO HEARD A REPORT FROM KENDALL, ALKHIMOV AND HAROLD SCOTT ON THE OPERATIONS OF THE US-SOVIET TRADE AND ECONOMIC COUNCIL.

6. COMPLETE RECORD OF MEETING OF FOURTH SESSION JOINT COMMERCIAL COMMISSION WILL BE POUCHED TO EMBASSY AS SOON AS AVAILABLE. RUSH

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## Message Attributes

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